

**MCCORMICK SCHOOL DISTRICT
NUMBER 1**

MCCORMICK, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2015**

(With Independent Auditors' Report Thereon)

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MCCORMICK, SOUTH CAROLINA
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Others Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension liability and contribution schedules as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards, as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", are presented for purposes of additional analysis and are not a required part of the basic financial statements of McCormick School District No. 1. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2015, on our consideration of McCormick School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Martin Smith & Company CPAs PA

Greenville, South Carolina
November 25, 2015

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This discussion and analysis of McCormick School District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

- In the Statement of Net Position, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the 2015 fiscal year by \$8,286,171. Of this amount, \$14,253,067 represented an investment in capital assets, net of accumulated depreciation and related debt. The District also had 1,082,363 restricted for debt service and capital projects. Therefore, the District reported a deficit balance in unrestricted net position of \$7,094,031. This deficit is entirely due to the implementation of GASB Statement No. 68 as described more fully below.
- The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, this year. With the reporting change, the District is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan. A restatement was done to the governmental activities net position to record the effects of the application of the new reporting guidance, which decreased beginning net position by \$10,273,274.
- In the Statement of Activities, the District's total net position increased by \$340,693 for the 2015 fiscal year, as compared to an increase of \$805,085 in the previous year. Included in expenses was \$1,030,818 of depreciation expense on the District's fixed assets.
- The District had \$11,712,774 in expenses related to governmental activities; of these expenses \$4,374,093 was offset by program specific operating grants and contributions. General revenues (primarily taxes) of \$7,699,499 provided the remaining funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,160,144, an increase of \$152,375. \$3,024,328 is unassigned and available for spending at the government's discretion. \$1,135,816 is restricted and \$8,681 is nonspendable. No fund balances are committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,024,328, which is 39 percent of total general fund expenditures.
- The District's total net investment in governmental capital assets decreased by \$981,998 during the current fiscal year, as capital additions were lower than depreciation expense.
- The District's long-term debt decreased by \$1,316,000, as the District borrowed \$918,000 and paid \$2,234,000 on its bonded indebtedness.
- During the 2015 fiscal year, the District's governmental fund type revenues were \$12,028,593 compared to \$12,074,360 in the prior year.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – the basic financial statements, required supplementary information (which includes this management's discussion and analysis section), an optional section that presents combining and individual fund statements and schedules for major governmental funds, and the compliance section.

Government-wide financial statements. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are government-wide financial statements that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, community services and intergovernmental. The business type activities of the District include a food service operation.

Fund financial statements. The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special projects fund, EIA fund, debt service fund and the capital projects fund, all of which are considered major funds.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Proprietary fund. The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the food service operation, which is considered a major fund of the District.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The District adopts an annual appropriated budget for its general fund, special projects fund and EIA fund. A budgetary comparison statement has been provided in the basic financial section of these funds to demonstrate compliance with their budgets.

Major Features of the District's Government-wide and Fund Financial Statements

	Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position, Statement of revenues, expenses, and changes in net position, Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,286,171 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net position for 2014 compared to 2015:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$ 6,697,086	\$ 6,439,239	\$ 271,793	\$ 276,290	\$ 6,968,879	\$ 6,715,529
Capital Assets	<u>22,295,236</u>	<u>23,277,234</u>	<u>73,831</u>	<u>89,459</u>	<u>22,369,067</u>	<u>23,366,693</u>
Total Assets	<u>28,992,322</u>	<u>29,716,473</u>	<u>345,624</u>	<u>365,749</u>	<u>29,337,946</u>	<u>30,082,222</u>
Deferred Outflows	<u>606,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606,996</u>	<u>-</u>
Liabilities						
Long-term Liabilities	16,175,233	9,432,000	-	-	16,175,233	9,432,000
Other Liabilities	<u>4,896,942</u>	<u>2,431,470</u>	<u>-</u>	<u>-</u>	<u>4,896,942</u>	<u>2,431,470</u>
Total Liabilities	<u>21,072,175</u>	<u>11,863,470</u>	<u>-</u>	<u>-</u>	<u>21,072,175</u>	<u>11,863,470</u>
Deferred Inflows	<u>586,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,596</u>	<u>-</u>
Net Position						
Net investment in capital assets	14,179,236	13,845,234	73,831	89,459	14,253,067	13,934,693
Restricted	1,127,135	1,304,998	-	-	1,127,135	1,304,998
Unrestricted	<u>(7,365,824)</u>	<u>2,702,771</u>	<u>271,793</u>	<u>276,290</u>	<u>(7,094,031)</u>	<u>2,979,061</u>
Total Net Position	<u>\$ 7,940,547</u>	<u>\$ 17,853,003</u>	<u>\$ 345,624</u>	<u>\$ 365,749</u>	<u>\$ 8,286,171</u>	<u>\$ 18,218,752</u>

Net position of the District's governmental activities decreased (\$7,940,547 compared to \$17,853,003). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$2,702,771 at June 2014 to (\$7,365,824) at June 2015.

The deficit net position for the year-ended June 30, 2015, is the result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*.

The net position of business-type activities decreased \$20,125 (\$345,624 compared to \$365,749) for the year ended June 30, 2015.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The following table shows the changes in net position for fiscal year 2015 compared to 2014.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 50,402	\$ 55,089	\$ 50,402	\$ 55,089
Operating Grants	4,374,093	3,886,935	544,158	534,813	4,918,251	4,421,748
Capital Grants	-	-	-	-	-	-
General Revenue						
Property Taxes	7,629,164	8,121,101	-	-	7,629,164	8,121,101
Other	70,280	66,325	23	23	70,303	66,348
Total Revenues	12,073,537	12,074,361	594,583	589,925	12,668,120	12,664,286
Program Expenses						
Instruction	5,895,969	5,369,625	-	-	5,895,969	5,369,625
Support Services	5,285,946	5,199,777	-	-	5,285,946	5,199,777
Community Services	120,819	128,598	-	-	120,819	128,598
Intergovernmental	12,816	5,664	-	-	12,816	5,664
Interest and Fiscal Charges	397,169	544,537	-	-	397,169	544,537
Food Service	-	-	614,708	611,000	614,708	611,000
Total Expenses	11,712,719	11,248,201	614,708	611,000	12,327,427	11,859,201
Change in Net Position	\$ 360,818	\$ 826,160	\$ (20,125)	\$ (21,075)	\$ 340,693	\$ 805,085

Governmental Activities. Governmental activities increased the District's net position in 2015 by \$360,818.

Business Type Activities. Business-type activities decreased the District's net position in 2015 by \$20,125.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The analysis of governmental funds serve the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2015, the District's governmental funds reported a combined fund balance of \$4,160,144, as compared to \$4,007,769 for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2015, the District's unassigned fund balance for all governmental funds was \$3,024,328 which solely represents the General Fund. The remainder includes funds restricted for capital projects of \$794,263 and restricted for debt service of \$288,100.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,024,328.

The District's General Fund balance increased by \$330,238 during the current fiscal year, compared to a decrease of \$116,785 in the previous year. The District had an increase in revenues for the year, but was also able to decrease its expenses to a lower level. The District continues to focus on careful cost management so as to improve its fund balance levels.

The District's Major Funds include General Fund, as described above, Special Revenue-Special Projects, Special Revenue-EIA, Debt Service, and Capital Projects.

The District's Special Revenue Funds, Special Projects and EIA, are used to account for revenues derived from the State of South Carolina and the Federal Government. Special Revenue Funds do not have fund balances as revenues should be expended, deferred, or returned to the grantor.

The District's debt service fund balance has remained relatively stable, decreasing by \$88,693. The fiscal year ended 2015 debt service fund balance is \$288,100, all of which is reserved for the payment of debt service. The District's debt millage rate continues to be static.

The District's Capital Projects fund balances was \$794,263 at the end fiscal year 2015, all of which is restricted for capital projects. The fund balance decreased by \$89,225 in the current fiscal year.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had a net loss of \$20,125 for the fiscal year ended June 30, 2015. This increase was due to careful cost controls continued by the District.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2015, substantial amendments to the District's general fund revenue budget were made. However, net differences between the original budget and the final amended budget for revenues were relatively minor.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had \$22,369,067 invested in capital assets, net of depreciation. The total increase in the District's investment in capital assets, not considering depreciation, was \$48,820.

The following table shows fiscal 2015 balances compared to 2014.

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land/land improvements	\$ 804,006	\$ 813,765	\$ -	\$ -	\$ 804,006	\$ 813,765
Buildings	21,194,059	22,122,922	-	-	21,194,059	22,122,922
Equipment	253,233	340,547	-	-	253,233	340,547
Vehicles	43,938	-	73,831	89,459	117,769	89,459
Totals	<u>\$ 22,295,236</u>	<u>\$ 23,277,234</u>	<u>\$ 73,831</u>	<u>\$ 89,459</u>	<u>\$ 22,369,067</u>	<u>\$ 23,366,693</u>

Long-term Debt and Capital Lease Obligations

At fiscal year-end, the District had \$2,348,000 in bonds outstanding versus 2,785,000 in the prior year, a decrease of \$437,000.

At fiscal year-end, the District also had \$437,000 in acquisition agreement debt outstanding versus \$543,000 in the prior year, a decrease of \$106,000.

McCormick County School Facilities Foundation is a not-for-profit 501(c) (3) organization incorporated in 2008 for the specific charitable purpose of serving as a "support organization" for capital projects of the District. The Foundation issued facilities bonds in the amount of \$10,000,000 pursuant to a School Facilities Use and Occupancy Agreement (the Facilities Agreement) and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term. At fiscal year-end, the Foundation had \$5,331,000 in bonds outstanding versus \$6,104,000 in the prior year.

Outstanding Debt, at Year End

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2015</u>	<u>2014</u>
District acquisition agreement debt	\$ 437,000	\$ 543,000
District Refunding Bonds 2012 Series	1,430,000	2,785,000
District Refunding Bonds 2014 Series	918,000	-
Foundation Facilities Bonds 2008 Series	5,331,000	6,104,000
Total	<u>\$ 8,116,000</u>	<u>\$ 9,432,000</u>

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Economic Factors

The District is located in McCormick County in western South Carolina and contains the small town of McCormick. The District has a population of approximately 9,000 and operates one high school, one middle school and one elementary school.

Textiles and forestry are the largest employment sectors in the District, followed by wholesale and retail. Wholesale and retail trade and services represent the fastest growing sectors of the District.

The District has shown slight growth over the past five years. Total property tax collections have historically been strong and slowly increasing. Difficulties with manufacturing and textiles specifically, have been a drag on continued growth within the District.

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption fund (Homestead Exemption Fund) which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the general fund of the State. The District's reimbursement for fiscal year 2015 for tier three was \$2,500,000.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district; the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced.

In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Position
June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,990,802	\$ 57	\$ 2,990,859
Cash with fiscal agent	1,366,571	-	1,366,571
Investments	838,205	-	838,205
Accounts receivable	138,861	24,475	163,336
Property taxes receivable	591,059	-	591,059
Due from governmental agencies	1,009,067	-	1,009,067
Internal balances	(246,160)	246,160	-
Prepaid expenses	8,681	1,101	9,782
Capital assets			
Land and land improvements	882,080	-	882,080
Buildings	29,168,738	-	29,168,738
Equipment	780,374	158,922	939,296
Vehicles	188,666	-	188,666
Less accumulated depreciation	(8,724,622)	(85,091)	(8,809,713)
Total capital assets, net of depreciation	<u>22,295,236</u>	<u>73,831</u>	<u>22,369,067</u>
Total assets	<u>28,992,322</u>	<u>345,624</u>	<u>29,337,946</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>606,996</u>	-	<u>606,996</u>
Total deferred outflows of resources	<u>606,996</u>	-	<u>606,996</u>
<u>LIABILITIES</u>			
Accounts payable	1,127,646	-	1,127,646
Unearned income	1,364,792	-	1,364,792
Due to other governmental units	12,463	-	12,463
Other liabilities	32,041	-	32,041
Long-term liabilities:			
Due within one year	2,360,000	-	2,360,000
Due in more than one year	16,175,233	-	16,175,233
Total liabilities	<u>21,072,175</u>	-	<u>21,072,175</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>586,596</u>	-	<u>586,596</u>
Total deferred inflows of resources	<u>586,596</u>	-	<u>586,596</u>
<u>NET POSITION</u>			
Net investment in capital assets	14,179,236	73,831	14,253,067
Restricted for:			
Capital projects	794,263	-	794,263
Debt service	288,100	-	288,100
Other	44,772	-	44,772
Unrestricted net position	<u>(7,365,824)</u>	<u>271,793</u>	<u>(7,094,031)</u>
Total net position	<u>\$ 7,940,547</u>	<u>\$ 345,624</u>	<u>\$ 8,286,171</u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2015

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 5,895,969	\$ -	\$ 2,994,569	\$ -	\$ (2,901,400)		\$ (2,901,400)
Support services	5,286,001	-	1,312,812	-	(3,973,189)		(3,973,189)
Community services	120,819	-	57,077	-	(63,742)		(63,742)
Intergovernmental	12,816	-	9,635	-	(3,181)		(3,181)
Interest and other charges	397,169	-	-	-	(397,169)		(397,169)
Total governmental activities	<u>11,712,774</u>	<u>-</u>	<u>4,374,093</u>	<u>-</u>	<u>(7,338,681)</u>		<u>(7,338,681)</u>
Business-type activities:							
Food service	614,708	50,402	544,158	-	-	\$ (20,148)	(20,148)
Total business-type activities	<u>614,708</u>	<u>50,402</u>	<u>544,158</u>	<u>-</u>	<u>-</u>	<u>(20,148)</u>	<u>(20,148)</u>
Total primary government	<u>\$ 12,327,482</u>	<u>\$ 50,402</u>	<u>\$ 4,918,251</u>	<u>\$ -</u>	<u>(7,338,681)</u>	<u>(20,148)</u>	<u>(7,358,829)</u>
General revenues:							
Property taxes levied for:							
General purposes					6,384,192	-	6,384,192
Debt service					1,244,972	-	1,244,972
Miscellaneous					69,782	-	69,782
Unrestricted investment earnings					553	23	576
Total general revenues, special, and extraordinary items					<u>7,699,499</u>	<u>23</u>	<u>7,699,522</u>
Change in net position					360,818	(20,125)	340,693
Net position, beginning of year					17,853,003	365,749	18,218,752
Prior period adjustment					<u>(10,273,274)</u>	<u>-</u>	<u>(10,273,274)</u>
Net position, end of year					<u>\$ 7,940,547</u>	<u>\$ 345,624</u>	<u>\$ 8,286,171</u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2015

	General	Special Revenue	EIA	Service - District	Service - Foundation	Building - District	Building - Foundation	Governmental Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 2,946,030	\$ 44,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,990,802
Cash with fiscal agent	855,617	-	-	299,092	-	211,862	-	1,366,571
Investments	838,205	-	-	-	-	-	-	838,205
Accounts receivable	24,686	-	-	114,175	-	-	-	138,861
Property taxes receivable	477,252	-	-	113,807	-	-	-	591,059
Due from governmental agencies	-	895,194	113,873	-	-	-	-	1,009,067
Due from other funds	774,300	-	214,872	-	-	582,401	-	1,571,573
Prepaid expenses	8,681	-	-	-	-	-	-	8,681
Total assets	\$ 5,924,771	\$ 939,966	\$ 328,745	\$ 527,074	\$ -	\$ 794,263	\$ -	\$ 8,514,819

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 1,127,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,127,648
Due to other funds	1,075,343	698,818	-	75,611	-	-	-	1,849,772
Due to other governmental units	-	2,828	9,635	-	-	-	-	12,463
Unearned income	688,771	193,548	319,110	163,363	-	-	-	1,364,792
Total liabilities	2,891,762	895,194	328,745	238,974	-	-	-	4,354,675
Fund balances:								
Nonspendable	8,681	-	-	-	-	-	-	8,681
Restricted	-	44,772	-	288,100	-	794,263	-	1,127,135
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	3,024,328	-	-	-	-	-	-	3,024,328
Total fund balances	3,033,009	44,772	-	288,100	-	794,263	-	4,160,144
Total liabilities and fund balance	\$ 5,924,771	\$ 939,966	\$ 328,745	\$ 527,074	\$ -	\$ 794,263	\$ -	\$ 8,514,819

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds	\$	4,160,144
<p>Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$31,019,858 and the accumulated depreciation is \$8,724,622.</p>		22,295,236
<p>Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		606,996
<p>Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		(586,596)
<p>Long-term liabilities, net pension liability and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		<u>(18,535,233)</u>
Net position of governmental activities	\$	<u><u>7,940,547</u></u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2015

	General	Special Revenue	EIA	Service - District	Service - Foundation	Building - District	Building - Foundation	Governmental Funds
REVENUES								
Local property taxes	\$ 3,075,980	\$ -	\$ -	\$ 1,244,972	\$ -	\$ -	\$ -	\$ 4,320,952
Other local	25,280	181,028	-	-	-	-	-	206,308
Total local	3,101,260	181,028	-	1,244,972	-	-	-	4,527,260
State	5,087,492	294,593	867,486	156,220	-	-	-	6,405,791
Federal	37,434	1,058,108	-	-	-	-	-	1,095,542
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues all sources	8,226,186	1,533,729	867,486	1,401,192	-	-	-	12,028,593
EXPENDITURES								
Current								
Instruction	3,979,072	960,751	270,623	-	-	-	-	5,210,446
Support services	3,758,618	511,336	338,800	-	-	-	-	4,608,754
Community services	63,742	57,077	-	-	-	-	-	120,819
Intergovernmental	3,181	-	9,635	-	-	-	-	12,816
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	1,461,000	773,000	-	-	2,234,000
Interest and other	-	-	-	172,481	224,688	-	-	397,169
Capital outlay	48,820	4,510	61,103	-	-	89,225	-	203,658
Total expenditures	7,853,433	1,533,674	680,161	1,633,481	997,688	89,225	-	12,787,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	372,753	55	187,325	(232,289)	(997,688)	(89,225)	-	(759,069)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	45,000	-	-	-	-	-	-	45,000
Bond proceeds	-	-	-	918,000	-	-	-	918,000
Operating transfers in	187,326	14,000	-	118,540	997,688	-	-	1,317,554
Operating transfers out	(288,841)	-	(187,325)	(892,944)	-	-	-	(1,369,110)
Indirect cost transfers	14,000	(14,000)	-	-	-	-	-	-
Total other financing sources (uses)	(42,515)	-	(187,325)	143,596	997,688	-	-	911,444
Net change in fund balances	330,238	55	-0-	(88,693)	-0-	(89,225)	-0-	152,375
FUND BALANCE, July 1, 2014	2,702,771	44,717	-0-	376,793	-0-	883,488	-0-	4,007,769
FUND BALANCE, June 30, 2015	3,033,009	44,772	-0-	288,100	-0-	794,263	-0-	4,160,144

The notes to the financial statements are an integral part of this statement.

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015**

Total net change in fund balance -- governmental funds	\$ 152,375
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$48,820) are less than depreciation expense (\$1,030,818) in the period.	(981,998)
Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$731,185) exceeds employer contributions (\$605,626).	(125,559)
Bond and bond premium proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(918,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>2,234,000</u>
Change in net position of governmental activities	<u><u>\$ 360,818</u></u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ 3,360,388	\$ 3,360,388	\$ 3,101,260	\$ (259,128)
State	5,027,755	5,027,755	5,087,492	59,737
Federal	60,000	60,000	37,434	(22,566)
Intergovernmental	-	-	-	-
Total revenues	<u>8,448,143</u>	<u>8,448,143</u>	<u>8,226,186</u>	<u>(221,957)</u>
EXPENDITURES				
Current:				
Instruction	4,454,220	4,454,220	3,979,072	475,148
Support services	4,129,995	4,129,995	3,807,438	322,557
Community services	62,106	62,106	63,742	(1,636)
Intergovernmental	5,000	5,000	3,181	1,819
Total expenditures	<u>8,651,321</u>	<u>8,651,321</u>	<u>7,853,433</u>	<u>797,888</u>
Excess (deficiency) of revenues over expenditures	(203,178)	(203,178)	372,753	575,931
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	45,000	45,000
Transfer from EIA fund	162,629	162,629	187,326	24,697
Transfers of indirect costs	15,000	15,000	14,000	(1,000)
Transfer to special revenue fund	-	-	(14,000)	(14,000)
Transfer to debt service fund	(300,000)	(300,000)	(223,285)	76,715
Transfer to pupil activity fund	-	-	(51,556)	(51,556)
Net change in fund balance	<u>\$ (325,549)</u>	<u>\$ (325,549)</u>	330,238	<u>\$ 655,787</u>
Fund balance, July 1, 2014			<u>2,702,771</u>	
Fund balance, June 30, 2015			<u>\$ 3,033,009</u>	

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Special Projects Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ 190,105	\$ 190,105	\$ 181,028	\$ (9,077)
State	301,174	301,174	294,593	(6,581)
Federal	1,373,895	1,373,895	1,058,108	(315,787)
Intergovernmental	-	-	-	-
Total revenues	<u>1,865,174</u>	<u>1,865,174</u>	<u>1,533,729</u>	<u>(331,445)</u>
EXPENDITURES				
Current:				
Instruction	1,229,481	1,229,481	965,261	264,220
Support services	681,611	681,611	511,336	170,275
Community services	75,706	75,706	57,077	18,629
Intergovernmental	-	-	-	-
Total expenditures	<u>1,986,798</u>	<u>1,986,798</u>	<u>1,533,674</u>	<u>453,124</u>
Excess (deficiency) of revenues over expenditures	<u>(121,624)</u>	<u>(121,624)</u>	<u>55</u>	<u>121,679</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	165,577	165,577	14,000	(151,577)
Spec revenue fund indirect costs	<u>(43,953)</u>	<u>(43,953)</u>	<u>(14,000)</u>	<u>29,953</u>
Total other financing sources (uses)	<u>121,624</u>	<u>121,624</u>	<u>-</u>	<u>(121,624)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	55	<u>\$ 55</u>
Fund balance, July 1, 2014			<u>44,717</u>	
Fund balance, June 30, 2015			<u>\$ 44,772</u>	

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Education Improvement Act
For the Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	775,279	775,279	867,486	92,207
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>775,279</u>	<u>775,279</u>	<u>867,486</u>	<u>92,207</u>
Total revenues				
EXPENDITURES				
Current:				
Instruction	299,326	299,326	331,726	(32,400)
Support services	470,269	470,269	338,800	131,469
Community services	-	-	-	-
Intergovernmental	-	-	9,635	(9,635)
	<u>769,595</u>	<u>769,595</u>	<u>680,161</u>	<u>89,434</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	5,684	5,684	187,325	181,641
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	<u>(5,684)</u>	<u>(5,684)</u>	<u>(187,325)</u>	<u>(181,641)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, July 1, 2014			<u>-0-</u>	
Fund balance, June 30, 2015			<u>\$ -0-</u>	

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Fund
	<u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 57
Accounts receivable	24,475
Due from other funds	246,160
Inventories - supplies and materials	1,101
Total current assets	<u>271,793</u>
Noncurrent assets:	
Furniture and equipment	158,922
Less accumulated depreciation	<u>(85,091)</u>
Total noncurrent assets	<u>73,831</u>
Total assets	<u>345,624</u>
NET POSITION	
Net investment in capital assets	73,831
Unrestricted	<u>271,793</u>
Total net position	<u>\$ 345,624</u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 50,402
Total operating revenues	<u>50,402</u>
OPERATING EXPENSES	
Food costs	284,775
Salaries and wages	241,079
Supplies and materials	56,429
Depreciation	15,628
Other operating costs	<u>16,797</u>
Total operating expenses	<u>614,708</u>
Operating income (loss)	<u>(564,306)</u>
NONOPERATING REVENUES (EXPENSES)	
USDA reimbursements	544,158
Other state aid	<u>23</u>
Total nonoperating revenues (expenses)	<u>544,181</u>
Income (loss) before operating transfers	<u>(20,125)</u>
Change in net position	(20,125)
Total net position - July 1, 2014	<u>365,749</u>
Total net position - June 30, 2015	<u>\$ 345,624</u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Fund <u>Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 25,927
Payments to employees for services	(241,079)
Payments to suppliers for goods and services	<u>(335,041)</u>
Net cash received from (used by) operating activities	<u>(550,193)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	550,170
Cash received from other local and federal sources	<u>23</u>
Net cash received from (used for) noncapital financing activities	<u>550,193</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Net cash received from (used for) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash received from (used by) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - July 1, 2014	<u>57</u>
Cash and cash equivalents - June 30, 2015	<u><u>\$ 57</u></u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit K	\$ (564,306)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	15,628
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(24,475)
(Increase) decrease in inventories	300
Increase (decrease) in due to other funds	<u>22,660</u>
Net cash received from (used by) operating activities	<u><u>\$ (550,193)</u></u>

The notes to the financial statements are an integral part of this statement.

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015**

	<u>Agency Fund Pupil Activity</u>
ASSETS	
Due from general fund	\$ <u>32,041</u>
Total assets	<u>32,041</u>
LIABILITIES	
Due to student organizations	<u>32,041</u>
Total liabilities	<u>32,041</u>
NET POSITION	
Unreserved - undesignated	<u>-0-</u>
Total net position	<u><u>\$ -0-</u></u>

The notes to the financial statements are an integral part of this statement.

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2015**

	<u>Agency Fund</u> <u>Pupil Activity</u>
ADDITIONS	
Receipts	
Bookstore sales	\$ 37
Other	305,077
Other financing sources	<u>51,556</u>
Total receipts	<u>356,670</u>
 DEDUCTIONS	
Pupil activity programs	351,979
Increase in due to student organizations	<u>4,691</u>
Total deductions	<u>356,670</u>
 CHANGE IN NET ASSETS	 -0-
Net position, beginning of year	<u>-0-</u>
Net position, end of year	<u><u>\$ -0-</u></u>

The notes to the financial statements are an integral part of this statement.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the McCormick County School District Number 1, South Carolina (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial accounting principles. The more significant of the District's accounting policies are described below.

a) Reporting Entity

McCormick County School District Number 1, South Carolina is a school district created by the South Carolina Legislature to provide public education services to students of a specified geographical district. The District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. The Board of Trustees (the "Board") of McCormick County School District Number One is the level of government which has oversight responsibility and control over all activities related to public school education in District Number One of McCormick County, South Carolina. The District is not included in any other local governmental "reporting entity" as defined by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". The established criteria set forth in Statement 14 is financial accountability and is defined as appointment of the component units' board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

As required by GAAP, the District's financial statements include the operations of all organizations for which the District Board exercises oversight responsibility or for which exclusion of a component unit would render the financial statements incomplete or misleading. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Blended component units, although separate legal entities, are in substance part of the government's operations; data from these units are combined with data of the primary government.

McCormick County School Facilities Foundation (the "Foundation") is a not-for-profit 501(c) (3) organization incorporated in 2008 for the specific charitable purpose of serving as a "support organization" for capital projects of the District. Foundation board members are appointed by the Board of the District. Because the Foundation exclusively benefits the District, the Foundation's financial information is blended with that of the District in these basic financial statements. Separate Foundation financial information is included in individual columns throughout the financial statements. Separate financial statements for the Foundation are not issued.

b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary and expendable trust funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's major governmental fund types:

The General Fund - a major fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting and Basis of Presentation, continued

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District has two Special Revenue Funds:

- i) The Special Projects Fund, a major fund, is used to account for financial resources provided by federal, state, and local projects and grants.
- ii) The Education Improvement Act ("EIA") Fund, a major fund, is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

The Debt Service Fund - District, a major fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the District.

The Debt Service Fund - Foundation, a major fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the Foundation.

The Capital Projects Fund - District, a major fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the enterprise fund and the Capital Projects Fund - Foundation.

The Capital Projects Fund - Foundation, a major fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the Foundation.

Proprietary Fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable GASB pronouncements, as well as the requirements for Financial Accounting Standards Board ("FASB") Statements and Interpretations. In addition, the School District applies all FASB Statements and Interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements in accounting and reporting for its operations. Proprietary fund types include the following fund:

The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

Fiduciary Fund types are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Trust Funds and Agency Funds. Fiduciary Fund Types include:

The Agency Fund, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the District. This accounting reflects the agency relationship of the District with the student activity organizations.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) Cash, Cash Equivalents and Investments

The District's cash and cash equivalents balance (which was different from the District's book balances of \$2,990,769 because of outstanding checks, deposits in transit, and other reconciling items) of \$4,372,200 at June 30, 2015, was insured or fully collateralized. The District's certificates of deposit balance of \$1,366,571 were also insured or fully collateralized.

Cash and savings accounts and certificates of deposit are placed with banking institutions and are protected by federal depository insurance up to \$250,000 and collateral pledged by the bank for 100% of the amount in excess of \$250,000. The collateral generally consists of obligations of the United States and its agencies or general obligations of the State of South Carolina or any of its political units. The collateral consists of investments that are insured or registered in the District's name or held by the District or its agents in the District's name.

Insured and collateralized amounts at June 30, 2015 are as follows:

Insured	\$ 505,442
Collateralized	<u>5,233,329</u>
 Total bank balance	 <u><u>\$ 5,738,771</u></u>

The District is authorized to invest in securities as allowed by South Carolina statute, which investments are restricted to:

- 1) Obligations of the United States and agencies thereof;
- 2) General obligations of the State of South Carolina or any of its political units;
- 3) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
- 4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.
- 5) Open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (1) is limited to obligations described in 1) or 2) above, and (2) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The District's cash investment objectives are preservation of capital, liquidity and yield.

The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) Cash, Cash Equivalents and Investments, continued

Investments in certificates of deposit are stated at cost which approximates market. Investments in mutual funds are stated at fair market value. During the year, investments made but not held as of the balance sheet date consisted of certificates of deposit.

Cash with fiscal agent consists of funds held by the McCormick County Treasurer. The Treasurer receives monies from local, state, and federal sources on behalf of the District. The monies held by the Treasurer are uninsured but are collateralized with government investments held by the pledging institution's agent in the name of the Treasurer. The Treasurer invests these funds in investments authorized by state statute as described above. All interest and other earnings gained are added to the fund. These monies are remitted to the District once a claim has been presented to the Treasurer.

For purposes of the statement of cash flows, the District's Proprietary fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

e) Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds" or "due to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities.

f) Inventories

With the exception of the Proprietary fund, the District has elected to account for disbursements for inventory items as expenditures at the time of purchase. Accordingly, no inventories have been recorded in the financial statements of these funds. The Proprietary fund inventories are recorded at cost using the first-in, first-out method.

g) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business type activities column of the government-wide statement of net assets and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

g) **Capital Assets, continued**

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	30 years	N/A
Buildings/ Improvements	10-30 years	N/A
Furniture and Equipment	5-10 years	7 years
Vehicles	10 years	N/A

h) **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are included with other assets and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

i) **Pension Plan**

District employees participate in the South Carolina Retirement System (“SCRS” or the “Plan”), a cost-sharing multi-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Plan and additions/deductions from the Plan’s net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

j) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. District contributions to the Plan subsequent to the measurement date and the net difference between expected and actual experience in the pension Plan are included as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension Plan investments are included as deferred inflows of resources.

k) **Vacation and Sick Leave**

There is no vested or accumulated vacation or sick pay that is expected to be paid after year end. All full-time employees of the District earn annual leave based on the length of service. It is the District's policy to vest unpaid annual leave with its employees up to the equivalent of forty five work days and to recognize compensated absences as an expense in the period earned rather than the period such benefit is paid.

l) **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Practices – Formal budgetary accounting is employed as a management tool for the District. Budgets are presented in the basic financial statements section for general fund and all major special revenue funds.

Each budget is presented on the modified accrual basis of accounting which is consistent with GAAP.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

The following procedures are followed in establishing the budgetary data as reflected in the financial statements:

- 1) In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
- 2) After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- 3) The Superintendent then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- 4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
- 5) The Board of Trustees recommends the budget to the McCormick County Council.

The Administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the financial statements are as amended by the administration. All annual appropriations lapse at fiscal year end. Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

3) DUE FROM/DUE TO OTHER FUNDS

The general fund receivable is a result of special revenue owing the general fund for claims that were filed but not yet received, the general fund owing the EIA fund for amounts received for state claims on behalf of the EIA fund, the school building fund owing the general fund for payments made on its behalf, and the general fund paying payroll costs for the food service fund.

The general fund received transfers from special revenue for indirect costs on federal programs and from EIA to cover EIA salaries and benefits, indirect costs on federal programs, and to supplement operations as part of funding flexibility. The general fund transferred funds to special revenue to help offset unfunded mandates and support exceptional program services.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 774,300	\$ 1,075,343
Special revenue funds:		
Special projects fund	-	698,818
Education Improvement Act	214,872	-
Debt service	-	75,611
School building fund	582,401	-
Proprietary fund	246,160	-
Pupil activity fund	32,039	-
	<u>\$ 1,849,772</u>	<u>\$ 1,849,772</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

3) DUE FROM/DUE TO OTHER FUNDS, CONTINUED

The general fund receivable is a result of special revenue owing the general fund for claims that were filed but not yet received, the general fund owing the EIA fund for amounts received for state claims on behalf of the EIA fund, the school building fund owing the general fund for payments made on its behalf, and the general fund paying payroll costs for the food service fund.

The general fund received transfers from special revenue for indirect costs on federal programs and from EIA to cover EIA salaries and benefits, indirect costs on federal programs, and to supplement operations as part of funding flexibility. The general fund transferred funds to special revenue to help offset unfunded mandates and support exceptional program services.

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 686,894	\$ -	\$ -	\$ 686,894
Capital assets, being depreciated				
Land improvements	195,186	-	-	195,186
Buildings	29,168,738	-	-	29,168,738
Equipment	780,374	-	-	780,374
Vehicles	139,846	48,420	-	188,266
Construction in progress	-	-	-	-
	<u>30,284,144</u>	<u>48,420</u>	<u>-</u>	<u>30,332,564</u>
Less accumulated depreciation for:				
Land improvements	68,315	9,759	-	78,074
Buildings	7,045,817	928,862	-	7,974,679
Equipment	439,826	87,315	-	527,141
Vehicles	139,846	4,881	-	144,727
	<u>7,693,804</u>	<u>1,030,817</u>	<u>-</u>	<u>8,724,621</u>
Total capital assets being depreciated, net	<u>22,590,340</u>	<u>1,030,817</u>	<u>-</u>	<u>21,607,943</u>
Governmental activities capital assets, net	<u>\$ 23,277,234</u>	<u>\$ 1,030,817</u>	<u>\$ -</u>	<u>\$ 22,294,837</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 536,025
Support	<u>494,792</u>
Total depreciation expense - governmental activities	<u>\$ 1,030,817</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

5) LONG-TERM DEBT

The following is a summary of changes in long-term debt for the District for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Acquisition agreement debt	\$ 543,000	\$ -	\$ 106,000	\$ 437,000
Refunding bonds	2,785,000	-	1,355,000	1,430,000
Foundation facilities bonds	6,104,000	-	773,000	5,331,000
General obligation bonds	-	918,000	-	918,000
	<u>\$ 9,432,000</u>	<u>\$ 918,000</u>	<u>\$ 2,234,000</u>	<u>\$ 8,116,000</u>

Long-term debt payable at June 30, 2015 is comprised of the following instruments:

\$1,000,000 2009 District acquisition agreement debt due in annual installments of \$83,000 to \$119,000 through December 1, 2018; interest due annually at 4.6%.	\$ 437,000
\$4,075,000 2012 District refunding bonds due in annual installments of \$1,290,000 to \$1,430,000 through March 1, 2016; interest due semi-annually at 4.00% to 5.00%.	1,430,000
\$10,000,000 2008 Foundation facilities bonds due in annual installments of \$742,000 to \$1,087,000 through September 1, 2020; interest due semi-annually at 3.93%.	5,331,000
\$918,000 2014 general obligation bonds due in annual installments of \$22,000 to \$311,000 through March 1, 2019; interest due semi-annually at 1.61%.	<u>918,000</u>
	<u>\$ 8,116,000</u>

The annual requirements of principal and interest to service all long-term debt outstanding at June 30, 2015 are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,360,000	\$ 300,414	\$ 2,660,414
2017	1,255,000	191,549	1,446,549
2018	1,281,000	148,071	1,429,071
2019	1,302,000	103,220	1,405,220
2020	940,000	98,615	1,038,615
Thereafter	978,000	76,125	1,054,125
	<u>\$ 8,116,000</u>	<u>\$ 917,994</u>	<u>\$ 9,033,994</u>

\$173,925 is available in the debt service – district fund to service the long-term debt at June 30, 2015.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The District is in compliance with all such significant limitations and restrictions at June 30, 2015.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

5) **LONG-TERM DEBT, CONTINUED**

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Amount available in debt service fund	\$ 376,793	\$ -	\$ 202,868	\$ 173,925
Amount to be provided for retirement of long-term obligations	<u>9,055,207</u>	<u>-</u>	<u>1,113,132</u>	<u>7,942,075</u>
Total available and to be provided	<u>\$ 9,432,000</u>	<u>\$ -</u>	<u>\$ 1,113,132</u>	<u>\$ 8,116,000</u>
Total long-term obligations	<u>\$ 9,432,000</u>	<u>\$ -</u>	<u>\$ 1,113,132</u>	<u>\$ 8,116,000</u>

For the payment of principal and interest on the bonds as they mature, the full faith, credit and taxing power of the District is irrevocably pledged.

The Foundation facilities bonds were issued pursuant to a School Facilities Use and Occupancy Agreement (the "Facilities Agreement") and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term.

6) **RETIREMENT PLAN**

SCRS Plan Description – The District participates in the South Carolina Retirement System ("SCRS") which covers a majority of the District's full-time employees. The SCRS was established by the South Carolina state legislature in 1945 for the benefit of teachers and employees of the state and its political subdivisions. SCRS is a cost-sharing, multi-employer, defined benefit plan. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. The Plan is administered by the South Carolina Public Employee Benefit Authority ("PEBA"), established in 2012. Only the PEBA has the authority to establish and amend benefits.

A monthly pension benefit is payable to eligible employees at age 65 or upon attaining 28 years of credited service regardless of age, with reduced pension benefits payable as early as age 55 and 25 years of service. An employee is vested for a deferred annuity with 5 years' service.

SCRS Funding Policy - Both employees and the District are required to contribute to the Plan at rates established under authority of Title 9 of the South Carolina Code of Laws. The District's contributions are actuarially determined, but are communicated to and paid by the District as a percentage of the employees' annual earnings. In addition, participating employers of SCRS contribute a certain percentage of payroll to provide a group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The District contributed amounts equal to the required contribution to the SCRS for all years presented.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2015

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

ORP Plan Description - The state of South Carolina also provides an Optional Retirement Plan (“ORP”). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS.

Employee and employer required contribution rates are based on a percentage of covered salary of which 5% of the employer required contribution is remitted to the employee’s Authorized Investment Providers (“AIP”) with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the ORP are required, they are also actual contributions as well. Thus, the actual contributions made equal the required contribution amounts for the ORP for all years presented.

Contribution Summary – The District’s eligible wages, contribution rates, and required contributions for the past three years were as follows:

	SCRS		
	2015	2014	2013
Eligible Wages	\$ 5,654,034	\$ 5,608,007	\$ 5,598,493
<u>Employer Rate</u>			
Retirement - SCRS	10.75%	10.45%	10.45%
Retirement Surcharge - SCRS	5.00%	4.92%	4.55%
GL Ins. Benefit - SCRS	0.15%	0.15%	0.15%
Total Employer Rate	15.90%	15.52%	15.15%
Employee Rate	8.00%	7.50%	7.00%
<u>Employer Contributions</u>			
Retirement - SCRS	\$ 607,809	\$ 586,037	\$ 585,043
Retirement Surcharge - SCRS	282,702	275,914	254,731
GL Ins. Benefit - SCRS	8,481	8,412	8,398
Total Employer Contributions	\$ 898,991	\$ 870,363	\$ 848,172
Employee Contributions	\$ 437,560	\$ 424,752	\$ 387,316

PORS Plan Description – The District also participates in the South Carolina Police Officers Retirement System (“PORS”). The PORS was established by the South Carolina state legislature in 1962 for the benefit of police officers and firemen of the state and its political subdivisions. PORS is a cost-sharing, multi-employer, defined benefit plan. It offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, and life and survivor benefits. Its provisions are established under Title 9 of the SC Code of Laws. It is administered by the South Carolina Public Employee Benefit Authority (“PEBA”), established in 2012. Only the PEBA has the authority to establish and amend benefits.

A monthly pension benefit is payable to eligible employees at age 55 or upon attaining 25 years of credited service regardless of age. An employee is vested for a deferred annuity with 5 years’ service.

PORS Funding Policy - Both employees and the District are required to contribute to PORS at rates established under authority of Title 9 of the South Carolina Code of Laws. The District’s contributions are actuarially determined, but are communicated to and paid by the District as a percentage of the employees’ annual earnings. In addition, participating employers of PORS contribute a certain percentage of payroll to provide a group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The District contributed amounts equal to the required contribution to the PORS for all years presented.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2015

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$10,366,682 and \$52,551 for its proportionate share of the PEBA's net pension liability for the SCRS and PORS systems, respectively. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2014. The District's proportion of the net pension liability was based on the District's contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PEBA's participating employers. At June 30, 2014, the District's proportion was .060213% and .002740% for SCRS and PORS, respectively. For the year ended June 30, 2015, the District recognized pension expense of \$726,587 and \$4,598 for its proportionate share of the PEBA's pension expense for SCRS and PORS, respectively. At June 30, 2015, the District reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to SCRS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 293,471	\$ -
Net difference between expected and actual earnings on pension plan investments	-	873,987
District contributions subsequent to the measurement date	<u>602,249</u>	<u>-</u>
	<u>\$ 895,720</u>	<u>\$ 873,987</u>

\$602,249 reported as deferred outflows of resources related to SCRS pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in SCRS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ (127,637)
2017	(127,637)
2018	(127,637)
2019	<u>(197,605)</u>
	<u>\$ (580,516)</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2015

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

At June 30, 2015, the District reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to PORS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 1,370	\$ -
Net difference between expected and actual earnings on pension plan investments	-	6,081
District contributions subsequent to the measurement date	<u>3,377</u>	<u>-</u>
	<u>\$ 4,747</u>	<u>\$ 6,081</u>

\$3,347 reported as deferred outflows of resources related to PORS pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in PORS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ (1,159)
2017	(1,159)
2018	(1,159)
2019	<u>(1,234)</u>
	<u>\$ (4,711)</u>

Actuarial Assumptions -- The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Cost Method</u>	<u>Entry Age</u>
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	levels off at 3.5%
Inflation	2.75%
Benefit adjustments	lesser of 1% or \$500

Actuarial assumptions used in the July 1, 2013 valuation were based on the results of actuarial experience studies. The experience study was for the period through June 30, 2010, with an update of economic assumptions in 2013.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2015

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgement.

The RSIC, which manages the investments of PEBA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Short Term		
Cash	2.0%	0.3%
Short Duration	3.0%	0.6%
Domestic Fixed Income		
Core Fixed Income	7.0%	1.1%
High Yield	2.0%	3.5%
Bank Loans	4.0%	2.8%
Global Fixed Income		
Global Fixed Income	3.0%	0.8%
Emerging Markets Debt	6.0%	4.1%
Global Public Equity	31.0%	7.8%
Global Tactical Asset Allocation	10.0%	5.1%
Alternatives		
Hedge Funds (Low Beta)	8.0%	4.0%
Private Debt	7.0%	10.2%
Private Equity	9.0%	10.2%
Real Estate	5.0%	5.9%
Commodities	3.0%	5.1%
	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2015

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

Pension Liability Sensitivity - The following presents the District's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Asset Class</u>	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability			
SCRS	\$ 13,415,128	\$ 10,366,682	\$ 7,823,404
PORS	73,305	52,455	35,204

Pension Plan Fiduciary Net Position - Detailed information about the defined benefit pension plan's fiduciary net position is available in a separately-issued financial report. That report may be obtained on the Internet at www.retirement.sc.gov or by writing to PEBA at South Carolina Public Employee Benefit Authority, P. O. Box 11960, Columbia, SC 29211-1960.

7) **DEFERRED COMPENSATION PLAN**

The District, through the South Carolina Deferred Compensation Commission, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable emergency. Investments are managed by the plan's program administrator under a variety of investment options or a combination thereof. The participants make the choice of investment(s) option(s). Investments are carried at their market value. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the program administrator.

8) **POSTRETIREMENT BENEFITS**

The District is a member of the South Carolina Retirement System which was established July 1, 1945. The system covers public school employees, public higher-education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full service retirement at age 65 or upon completion of thirty years membership. On or after January 1, 2002, members are eligible after twenty-eight years membership. Reduced benefits are payable as early as age 55.

As described more fully in Note 6, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service. Vested members, who retire at age 65, or with twenty-eight years of service at any age, receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

In addition to providing pension plan and supplemental benefits, the state currently provides its retired employees with health care benefits. All postretirement benefits paid to District retired members are made from the South Carolina Retirement Systems and from South Carolina's General Fund (Health Care).

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

9) POSTEMPLOYMENT BENEFITS

The District provides death benefits to employees through the group life insurance program for members of the South Carolina Retirement System (“System”), which is explained further in Note 6. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. For the year ended June 30, 2015, the District made contributions to the State for death benefits representing 0.15 percent of covered payroll.

Upon death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on years of credit services as follows:

10 to 19 years of service credits	\$2,000
20 to 27 years of service credits	4,000
28 or more years of service credits	6,000

The District also provides its retired employees health care benefits through the State health insurance program for members of the System. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. The District’s contributions are financed on an advance funded actuarially-determined basis.

10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees’ and natural disasters. Because of the high cost of insurance purchased from commercial insurers, the District has chosen to participate with other school districts in the state in the South Carolina School Boards Insurance Trust/Workers’ Compensation Pool (“SCSBIT/WCP”). This public entity risk pool operates as a common risk management and insurance program for member school districts. The District pays annual premiums to the public entity risk pool for its workers’ compensation insurance coverage. The Agreement for Formation of the public entity risk pool provides that SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back the member school districts in the event that a fund deficit arises. The District also participates in the South Carolina School Boards Insurance Trust for all other risks of loss.

The District carries commercial insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has elected to be self-insured for unemployment taxes, whereby it would reimburse the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the District. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

11) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 25, 2015, the date the financial statements were available to be issued.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

12) COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. Although the District has been audited in accordance with provisions of OMB Circular A-133, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would not be significant.

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption fund (Homestead Exemption Fund) which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the general fund of the State. The District's reimbursement for fiscal 2015 for tier three was \$2,500,000.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2015

12) COMMITMENTS AND CONTINGENCIES, CONTINUED

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district, the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced. In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

13) PRIOR PERIOD ADJUSTMENT FOR PENSION LIABILITY

GASB Statements No. 67, *Financial Reporting for Pension Plans* ("GASB 67"), and No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), were issued by the GASB in 2013. The primary objective of these statements is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan are now be required to recognize a liability for the proportionate share of the net pension liability of that plan. It is GASB's intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the state and local government's financial obligations to current and former employees for past services rendered.

Effective July 1, 2014, the District implemented GASB 67 and 68. The District reports a net pension liability for its participation in the SCRS, along with related deferred outflows and inflows of resources. This resulted in a restatement of previously reported net position for governmental activities:

Government-Wide Net Position	Governmental Activities
Net position as previously reported at June 30, 2014	\$ 17,853,003
Net pension liability (measurement date)	(10,856,967)
Deferred outflows - District's contributions made during fiscal year 2014	<u>583,693</u>
Total prior period adjustment	<u>(10,273,274)</u>
Net position as restated, July 1, 2014	<u>\$ 7,579,729</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2015

	<u>2015</u>	
	<u>SCRS</u>	<u>PORS</u>
District's proportion of the net pension liability	0.060213%	0.002740%
District's proportionate share of the net pension liability	\$ 10,366,682	\$ 52,551
District's covered-employee payroll	\$ 5,608,007	\$ 33,015
District's proportionate share of the net pension liability as a percentage of the covered-employee payroll	184.86%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	67.50%

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of District Contributions
June 30, 2015

	<u>2015</u>	
	<u>SCRS</u>	<u>PORS</u>
Contractually required contributions	\$ 602,249	\$ 3,377
Contributions in relation to the contractually required contributions	<u>602,249</u>	<u>3,377</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
District's covered-employee payroll	\$ 5,654,034	\$ 35,641
Contributions as percentage of covered-employee payroll	10.65%	9.48%

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1200 Revenue from local governmental units other than LEAs			
1210 Ad valorem taxes - including delinquent (dependent)	\$ 3,245,888	\$ 3,005,726	\$ (240,162)
1280 Revenue in lieu of taxes (independent and dependent)	100,000	70,254	(29,746)
1500 Earnings on investments			
1510 Interest on investments	3,500	498	(3,002)
1900 Other revenue from local sources			
1910 Rentals	11,000	12,786	1,786
1950 Refund of prior year's expenditures	-	10,130	10,130
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	-	1,866	1,866
	<u>3,360,388</u>	<u>3,101,260</u>	<u>(259,128)</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	-	672	672
3160 School bus driver salary	85,000	87,587	2,587
(includes hazardous condition transportation)			
3162 Transportation workers' compensation	7,500	7,778	278
3180 Fringe benefits employer contributions (no carryover provision)	395,258	424,343	29,085
3181 Retiree insurance (no carryover provision)	256,919	230,593	(26,326)
3300 Education Finance Act			
3310 Full-time programs			
3311 Kindergarten	63,385	65,740	2,355
3312 Primary	177,135	183,717	6,582
3313 Elementary	169,937	176,252	6,315
3314 High school	124,259	128,876	4,617
3315 Trainable mentally handicapped	5,724	5,937	213
3316 Speech handicapped (part-time program)	39,525	40,994	1,469
3317 Homebound	3,610	3,744	134

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
3320 Part-time programs			
3321 Emotionally handicapped	\$ 1,565	\$ 1,625	\$ 60
3322 Educable mentally handicapped	6,210	6,441	231
3323 Learning disabilities	106,502	110,459	3,957
3324 Hearing handicapped	2,404	2,493	89
3325 Visually handicapped	2,404	2,493	89
3326 Orthopedically handicapped	4,069	4,220	151
3327 Vocational	112,445	116,623	4,178
3330 Other EFA programs			
3331 Autism	6,510	6,752	242
3332 High achieving students	4,209	4,365	156
3350 Residential treatment facilities (RTF)			
3351 Academic assistance	29,883	30,993	1,110
3352 Pupils in poverty	131,689	136,582	4,893
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	404,119	404,119	-
3820 Homestead exemption (tier 2)	266,391	269,832	3,441
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	8,103	8,103	-
3840 Manufacturers depreciation reimbursement	23,000	27,740	4,740
3890 Other state property tax revenues (includes motor carrier vehicle tax)	90,000	98,419	8,419
	<hr/>	<hr/>	<hr/>
Total state sources	5,027,755	5,087,492	59,737
4000 Revenue from federal sources			
4900 Other federal sources			
4999 Revenue from other federal sources	60,000	37,434	(22,566)
	<hr/>	<hr/>	<hr/>
Total federal sources	60,000	37,434	(22,566)
	<hr/>	<hr/>	<hr/>
Total revenue all sources	8,448,143	8,226,186	(221,957)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 283,823	\$ 260,311	\$ 23,512
200 Employee benefits	108,996	101,796	7,200
400 Supplies and materials	4,500	4,325	175
112 Primary programs			
100 Salaries	410,113	369,521	40,592
200 Employee benefits	152,886	132,076	20,810
400 Supplies and materials	9,500	8,486	1,014
113 Elementary programs			
100 Salaries	1,266,451	1,038,767	227,684
200 Employee benefits	494,481	388,742	105,739
300 Purchased services	4,000	4,702	(702)
400 Supplies and materials	18,500	17,315	1,185
114 High school programs			
100 Salaries	327,976	323,600	4,376
200 Employee benefits	145,846	125,615	20,231
300 Purchased services	94,717	97,327	(2,610)
400 Supplies and materials	11,500	8,889	2,611
115 Career and technology education programs			
100 Salaries	418,636	439,018	(20,382)
200 Employee benefits	163,119	154,880	8,239
300 Purchased services - other than tuition	66,342	65,043	1,299
400 Supplies and materials	10,500	8,114	2,386
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	90,285	85,411	4,874
200 Employee benefits	41,815	45,153	(3,338)
400 Supplies and materials	-	10,731	(10,731)
122 Trainable mentally handicapped			
100 Salaries	71,852	69,325	2,527
200 Employee benefits	28,353	30,583	(2,230)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
123 Orthopedically handicapped			
400 Supplies and materials	\$ 2,000	\$ -	\$ 2,000
125 Hearing handicapped			
400 Supplies and materials	2,000	-	2,000
126 Speech handicapped			
300 Purchased services	15,000	15,000	-
127 Learning disabilities			
100 Salaries	89,231	85,823	3,408
200 Employee benefits	43,218	29,722	13,496
140 Special programs			
141 Gifted and talented - academic			
100 Salaries	1,250	-	1,250
200 Employee benefits	308	-	308
400 Supplies and materials	510	-	510
145 Homebound			
100 Salaries	5,000	4,948	52
200 Employee benefits	1,249	986	263
300 Purchased services	10,250	337	9,913
148 Gifted and talented - artistic			
100 Salaries	1,250	-	1,250
200 Employee benefits	308	-	308
400 Supplies and materials	510	(757)	1,267
160 Other exceptional programs			
161 Autism			
400 Supplies and materials	2,000	77	1,923
170 Summer school program			
175 Instructional programs beyond regular school day			
200 Employee benefits	-	5,710	(5,710)
180 Adult/continuing educational programs			
181 Adult basic education programs			
100 Salaries	-	12,418	(12,418)
200 Employee benefits	-	3,338	(3,338)
400 Supplies and materials	-	2,068	(2,068)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
188 Parenting/family literacy			
100 Salaries	\$ 39,546	\$ 23,092	\$ 16,454
200 Employee benefits	<u>16,399</u>	<u>6,580</u>	<u>9,819</u>
 Total instruction	 <u>4,454,220</u>	 <u>3,979,072</u>	 <u>475,148</u>
 200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	45,582	22,282	23,300
200 Employee benefits	17,337	7,164	10,173
 212 Guidance services			
100 Salaries	177,179	167,856	9,323
200 Employee benefits	69,034	55,836	13,198
300 Purchased services	4,400	800	3,600
400 Supplies and materials	2,100	(348)	2,448
 213 Health services			
300 Purchased services	-	1,513	(1,513)
 221 Improvement of instruction - curriculum development			
100 Salaries	101,940	97,366	4,574
200 Employee benefits	34,016	32,262	1,754
300 Purchased services	12,550	(825)	13,375
400 Supplies and materials	8,760	6,348	2,412
 222 Library and media services			
100 Salaries	102,953	97,141	5,812
200 Employee benefits	34,336	49,996	(15,660)
300 Purchased services	3,400	1,186	2,214
400 Supplies and materials	8,371	8,164	207
 223 Supervision of special programs			
100 Salaries	12,100	5,241	6,859
200 Employee benefits	3,962	1,966	1,996
400 Supplies and materials	-	140	(140)
 224 Improvement of instruction--inservice and staff training			
400 Supplies and materials	-	1,250	(1,250)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
230 General administration services			
231 Board of Education			
100 Salaries	\$ 11,141	\$ 11,141	\$ -
200 Employee benefits	16,233	11,113	5,120
300 Purchased services	86,800	99,650	(12,850)
318 Audit services	18,000	17,000	1,000
400 Supplies and materials	3,000	2,766	234
600 Other objects	11,300	9,216	2,084
232 Office of the superintendent			
100 Salaries	142,800	143,100	(300)
200 Employee benefits	39,933	39,385	548
300 Purchased services	7,300	7,682	(382)
400 Supplies and materials	4,900	3,815	1,085
600 Other objects	1,500	2,059	(559)
233 School administration			
100 Salaries	528,930	538,882	(9,952)
200 Employee benefits	195,642	179,684	15,958
300 Purchased services	2,526	2,919	(393)
400 Supplies and materials	2,500	1,643	857
600 Other objects	913	661	252
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
300 Purchased services	-	7,795	(7,795)
252 Fiscal services			
100 Salaries	128,805	111,142	17,663
140 Terminal leave	-	10,688	(10,688)
200 Employee benefits	45,601	40,890	4,711
300 Purchased services	26,307	21,358	4,949
400 Supplies and materials	4,500	3,252	1,248
600 Other objects	9,375	9,414	(39)
254 Operation and maintenance of plant			
100 Salaries	241,842	187,875	53,967
200 Employee benefits	81,936	74,213	7,723
300 Purchased services	243,800	232,370	11,430
321 Public utilities (excludes gas, oil, elec, other heating fuels)	62,436	33,705	28,731
400 Supplies and materials	146,589	117,383	29,206
470 Energy (includes gas, oil, elec, other heating fuels)	393,411	386,146	7,265

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
255 Student transportation (state mandated)			
100 Salaries	\$ 229,000	\$ 226,028	\$ 2,972
200 Employee benefits	63,000	79,825	(16,825)
300 Purchased services	10,000	8,529	1,471
400 Supplies and materials	650	529	121
256 Food service			
200 Employee benefits	36,915	41,413	(4,498)
258 Security			
100 Salaries	16,000	16,280	(280)
200 Employee benefits	4,650	4,665	(15)
300 Purchased services	30,000	30,000	-
260 Central support services			
263 Information services			
100 Salaries	22,282	22,282	-
200 Employee benefits	7,268	7,441	(173)
300 Purchased services	43,500	29,858	13,642
400 Supplies and materials	3,600	2,062	1,538
600 Other objects	500	30	470
264 Staff services			
100 Salaries	60,771	57,172	3,599
200 Employee benefits	23,482	19,040	4,442
300 Purchased services	5,650	5,332	318
400 Supplies and materials	10,000	6,510	3,490
266 Technology and data processing services			
100 Salaries	102,218	44,953	57,265
200 Employee benefits	38,019	23,343	14,676
300 Purchased services	122,530	121,325	1,205
400 Supplies and materials	48,600	34,995	13,605
270 Support services pupil activity			
271 Pupil services activities			
100 Salaries	90,000	83,701	6,299
200 Employee benefits	25,200	18,876	6,324
300 Purchased services	40,120	11,857	28,263
400 Supplies and materials	-	287	(287)
500 Capital outlay	-	48,820	(48,820)
Total support services	<u>4,129,995</u>	<u>3,807,438</u>	<u>322,557</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
300 Community services			
350 Custody and care of children services			
100 Salaries	\$ 45,000	\$ 43,691	\$ 1,309
200 Employee benefits	16,446	20,051	(3,605)
300 Purchased services	500	-	500
400 Supplies and materials	160	-	160
	<u>62,106</u>	<u>63,742</u>	<u>(1,636)</u>
Total community services			
400 Other charges			
410 Intergovernmental expenditures			
412 Payments to other governmental units			
720 Transits	5,000	3,181	1,819
	<u>5,000</u>	<u>3,181</u>	<u>1,819</u>
Total intergovernmental expenditures			
	<u>8,651,321</u>	<u>7,853,433</u>	<u>797,888</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of capital assets	-	45,000	45,000
Interfund transfers, from (to) other funds			
5230 Transfer from special revenue EIA fund	162,629	187,326	24,697
5280 Transfer from other funds indirect costs	15,000	14,000	(1,000)
421-710 Transfer to special revenue fund	-	(14,000)	(14,000)
423-710 Transfer to debt service fund	(300,000)	(223,285)	76,715
426-710 Transfer to activity fund	-	(51,556)	(51,556)
	<u>(122,371)</u>	<u>(42,515)</u>	<u>79,856</u>
Total other financing sources (uses)			
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>(325,549)</u>	330,238	\$ <u>655,787</u>
FUND BALANCE, July 1, 2014		<u>2,702,771</u>	
FUND BALANCE, June 30, 2015		<u>\$ 3,033,009</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Total
	(900s)	(900s)	(900s)	(900s)	(900s)	(900s)	(900s)	(200s/800s)	(900s)
REVENUES									
1000 Revenue from local sources									
1500 Earnings on investments	\$	-	\$	-	\$	-	\$	-	\$
1510 Interest on investments									
1900 Other revenue from local sources									
1930 Medicaid								43,521	43,521
1999 Revenue from other local sources								137,452	137,452
Total local sources								181,028	181,028
3000 Revenue from state sources									
3100 Restricted state funding									
3110 Occupational education							33,372		33,372
3118 EEDA career specialist									
3120 General education									
3127 Student health and fitness - PE teachers							13,330		13,330
3130 Special programs									
3135 Reading coaches							57,389		57,389
3155 DSS SNAP & E&T program							11,706		11,706
3177 Summer reading camps							3,935		3,935

* See Schedule 5 for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Total
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)	(900s)	(200s/800s)	Total
3190 Miscellaneous restricted state grants									
3193 Education license plates	\$	-	\$	-	\$	-	\$	-	\$ 354
3198 Technology professional development	-	-	-	-	-	-	4,257	-	4,257
3600 Education Lottery Act revenue									
3607 6-8 enhancement	-	-	-	-	-	-	2,463	-	2,463
3610 K-5 enhancement	-	-	-	-	-	-	113,420	-	113,420
3630 K-12 technology initiative	-	-	-	-	-	-	54,367	-	54,367
Total state sources	-	-	-	-	-	-	294,593	-	294,593
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins aid, Title I	-	-	-	3,981	-	-	-	-	3,981
4300 Elementary and Secondary Education Act of 1965 (ESEA)									
4310 Title I, basic state grant programs	441,539	-	-	-	-	-	-	-	441,539
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	-	8,625	8,625
4351 Improving teacher quality	-	-	-	-	-	-	-	39,105	39,105

* See Schedule 5 for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Total
	(200s/800s)	(900s)	(200s/800s)	(900s)	(200s/800s)	(900s)	(200s/800s)	(200s/800s)	(200s/800s)
4400 Adult education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,591	\$ 8,591
4410 Basic adult education									
4500 Programs for children with disabilities									
4510 IDEA	-	427,121	-	-	-	-	-	-	427,121
4520 Preschool grants (IDEA)	-	-	16,469	-	-	-	-	-	16,469
4900 Other federal sources									
4924 21st century community learning center program, Title IV	-	-	-	-	-	-	-	112,677	112,677
Total federal sources	441,539	427,121	16,469	3,981	-	-	-	168,998	1,058,108
Total revenue all sources	441,539	427,121	16,469	3,981	-	-	294,593	350,026	1,533,729

* See Schedule 5 for a listing of LEA sub fund codes for each program.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES									
100 Instruction									
110 General instruction									
112 Primary programs									
100 Salaries	\$ 72,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,733	\$ -	\$ 152,761
200 Employee benefits	30,531	-	-	-	-	-	18,825	-	49,356
300 Purchased services	1,440	-	-	-	-	-	-	-	1,440
400 Supplies and materials	40,865	-	-	-	-	-	18,452	-	59,317
113 Elementary programs									
100 Salaries	55,323	-	-	-	-	-	10,435	20,789	86,547
200 Employee benefits	14,302	-	-	-	-	-	753	5,445	20,500
300 Purchased services	10,852	-	-	-	-	-	-	-	10,852
400 Supplies and materials	57,654	-	-	-	-	-	74,618	-	132,272
114 High school programs									
100 Salaries	27,122	-	-	-	-	-	-	-	27,122
200 Employee benefits	613	-	-	-	-	-	-	-	613
300 Purchased services	2,868	-	-	-	-	-	-	-	2,868
400 Supplies and materials	16,436	-	-	-	-	-	-	-	16,436
115 Career and technology education programs									
300 Purchased services - other than tuition	-	1,293	-	-	-	-	-	-	1,293
400 Supplies and materials	-	-	-	1,232	-	-	-	-	1,232

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	\$ -	\$ 59,173	\$ 10,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,011
200 Employee benefits	-	15,054	5,631	-	-	-	-	-	20,685
400 Supplies and materials	-	27,056	-	-	-	-	-	-	27,056
125 Hearing handicapped									
300 Purchased services	-	18,750	-	-	-	-	-	-	18,750
126 Speech handicapped									
300 Purchased services	-	48,286	-	-	-	-	-	-	48,286
127 Learning disabilities									
100 Salaries	-	21,606	-	-	-	-	-	-	21,606
200 Employee benefits	-	4,762	-	-	-	-	-	-	4,762
400 Supplies and materials	-	14,983	-	-	-	-	-	-	14,983
170 Summer school programs									
172 Elementary summer school									
100 Salaries	20,151	-	-	-	-	-	-	-	20,151
200 Employee benefits	4,911	-	-	-	-	-	-	-	4,911
175 Instructional programs beyond regular school day									
100 Salaries	-	-	-	-	-	-	-	63,529	63,529
200 Employee benefits	-	-	-	-	-	-	-	11,651	11,651
300 Purchased services	-	-	-	-	-	-	-	313	313
400 Supplies and materials	-	-	-	-	-	-	-	5,894	5,894

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects)(CA Projects)(201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects)(205/206)	CATE (VA Projects)(207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
180 Adult/continuing educational programs									
181 Adult basic education programs									
100 Salaries	\$ 22,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,591	\$ 31,578
200 Employee benefits	5,854	-	-	-	-	-	-	-	5,854
400 Supplies and materials	2,848	-	-	-	-	-	-	-	2,848
182 Adult secondary education programs									
500 Capital outlay	-	-	-	-	-	-	4,510	-	4,510
188 Parenting/family literacy									
100 Salaries	-	-	-	-	-	-	-	15,085	15,085
200 Employee benefits	-	-	-	-	-	-	-	7,558	7,558
300 Purchased services	-	-	-	-	-	-	-	2,551	2,551
400 Supplies and materials	-	-	-	-	-	-	-	80	80
Total instruction	386,785	210,963	16,469	1,232	-	-	208,326	141,486	965,261
200 Support services									
210 Pupil services									
211 Attendance and social work services									
300 Purchased services	1,349	-	-	-	-	-	-	-	1,349
213 Health services									
100 Salaries	-	-	-	-	-	-	-	29,789	29,789
200 Employee benefits	-	-	-	-	-	-	-	12,846	12,846
300 Purchased services	8,401	43,208	-	-	-	-	-	-	51,609
400 Supplies and materials	-	1,695	-	-	-	-	-	-	1,695

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects) (201/202)	Preschool			Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
		IDEA (CA Projects) (203/204)	Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)					
214 Psychological services	\$ -	\$ 19,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,500	
300 Purchased services									
216 Vocational placement services									
100 Salaries	-	-	-	-	-	-	34,741	34,741	
200 Employee benefits	-	-	-	-	-	-	14,560	14,560	
300 Purchased services	-	-	-	-	-	-	739	739	
400 Supplies and materials	-	-	-	-	-	-	761	761	
217 Career specialist services									
100 Salaries	-	-	-	-	-	26,494	-	26,494	
200 Employee benefits	-	-	-	-	-	6,878	-	6,878	
220 Instructional staff services									
221 Improvement of instruction - curriculum development									
100 Salaries	-	-	-	-	-	-	3,500	3,500	
300 Purchased services	15,225	12,265	-	2,410	-	-	3,149	33,049	
400 Supplies and materials	632	-	-	194	-	38,979	-	39,805	
223 Supervision of special programs									
100 Salaries	10,200	100,642	-	-	-	-	9,985	120,827	
200 Employee benefits	2,351	32,212	-	-	-	-	2,402	36,965	
300 Purchased services	2,096	2,656	-	-	-	-	97	4,849	
400 Supplies and materials	500	3,671	-	-	-	11,706	-	15,877	
600 Other objects	-	309	-	-	-	-	-	309	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects)(CA Projects)(203/204)	IDEA (203/204)	Preschool Handicapped (CG Projects)(205/206)	CATE (VA Projects)(207/208)	Drug Free (FP/FQ Projects)(209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
224 Improvement of instruction - in-service and staff training									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,855	\$ 18,855
200 Employee benefits	-	-	-	-	-	-	-	4,104	4,104
300 Purchased services	-	-	-	-	-	-	2,463	2,872	5,335
400 Supplies and materials	-	-	-	-	-	-	(253)	1,249	996
250 Finance and operations services									
251 Student transportation (federal/district mandated)									
100 Salaries	-	-	-	-	-	-	-	3,622	3,622
200 Employee benefits	-	-	-	-	-	-	-	663	663
300 Purchased services	-	-	-	-	-	-	-	17,176	17,176
270 Support services - pupil activity									
271 Pupil service activities									
300 Purchased services	-	-	-	145	-	-	-	4,298	4,443
Total support services	40,754	216,158	-	2,749	-	-	86,267	165,408	511,336

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2015

	Title I (BA Projects)(CA Projects)(201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects)(205/206)	CATE (VA Projects)(207/208)	Drug Free (FP/FQ Projects)(209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
300 Community services									
350 Custody and care of children									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,880	\$ 38,880
200 Employee benefits	-	-	-	-	-	-	-	14,629	14,629
300 Purchased services	-	-	-	-	-	-	-	3,119	3,119
400 Supplies and materials	-	-	-	-	-	-	-	449	449
Total community services	-	-	-	-	-	-	-	57,077	57,077
Total expenditures	427,539	427,121	16,469	3,981	-	-	294,593	363,971	1,533,674
OTHER FINANCING SOURCES (USES)									
Interfund transfers, from (to) other funds									
5210 Transfer from general fund	-	-	-	-	-	-	-	14,000	14,000
431-791 Special revenue fund indirect costs	(14,000)	-	-	-	-	-	-	-	(14,000)
TOTAL OTHER FINANCING SOURCES (USES)	(14,000)	-	-	-	-	-	-	14,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	55	55
FUND BALANCE, July 1, 2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	44,717	44,717
FUND BALANCE, June 30, 2015	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 44,772	\$ 44,772

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2015

<u>LEA</u> <u>Subfund</u> <u>Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue</u> <u>Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
928	EEDA career specialist	\$ 33,372	3118
937	Student health and fitness - PE teachers	13,330	3127
935	Reading Coaches	57,389	3135
955	SNAPS Initiative	11,706	3155
926	Summer reading camps	3,935	3177
919	Education license plates	354	3193
918	School technology initiative	4,257	3198
967	6-8 enhancement	2,463	3607
960	K-5 enhancement	113,420	3610
963	K-12 technology initiative	<u>54,367</u>	3630
		<u>\$ 294,593</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
299	Interest on investments	\$ 55	1510
280	Medicaid	38,761	1930
830	JAG - CIS	55,099	1999
839	Special needs transportation	789	1999
890	First steps	82,352	1999
280	Admin claiming	3,971	1999
251	Rural and low-income school program, Title VI	8,625	4312
267	Improving teacher quality	39,105	4351
243	Basic adult education	8,591	4410
224	21st century learning center program, Title IV	<u>112,678</u>	4924
		<u>\$ 350,026</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Summary Schedule for Designated State Restricted Grants
For the Fiscal Year Ended June 30, 2015

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Deferred</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
928	3118	EEDA career specialist	\$ 33,372	\$ 33,372	\$ -	\$ -	\$ 12,828
937	3127	Student health and fitness - PE teachers	13,330	13,330	-	-	-
935	3135	Reading Coaches	57,389	57,389	-	-	5,341
936	3136	Student health and fitness - nurses	-	-	-	-	33,703
955	3155	SNAPS Initiative	11,706	11,706	-	-	5,505
926	3177	Summer reading camps	3,935	3,935	-	-	2,966
919	3193	Education license plates	354	354	-	-	397
914	3194	Digital Instructional Materials	-	-	-	-	12,778
967	3198	School technology initiative	4,257	4,257	-	-	1,628
967	3607	6-8 enhancement	2,463	2,463	-	-	1,628
960	3610	K-5 enhancement	113,420	113,420	-	-	84,115
960	3630	K-12 technology initiative	54,367	54,367	-	-	84,115
			<u>\$ 294,593</u>	<u>\$ 294,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,004</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3502 ADEPT	\$	3,093
3505 Technology support		11,831
3511 Professional development		4,424
3525 Career and technology education equipment		30,105
3526 Refurbishment of K-8 science kits		366
3532 National board certification (NBC) salary supplement		84,127
3533 Teacher of the year award		1,077
3538 Students at risk of school failure		183,554
3541 Child development education pilot program (CDEPP)		118,423
3544 High achieving students		5,229
3550 Teacher salary increase		159,697
3555 School employer contributions		27,628
3556 Adult education		71,316
3558 Reading		3,528
3577 Teacher supplies		17,750
3578 High schools that work/making middle grades work		18,568
3585 Aid to districts - special education		2,513
3592 Work based learning		1,856
3594 EEDA supplemental programs		83,764
3597 Aid to districts		<u>38,637</u>
Total state sources		<u>867,486</u>
Total revenue all sources		<u>867,486</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	14,684
200 Employee benefits		3,513
400 Supplies and materials		1,500
112 Primary programs		
100 Salaries		7,188
200 Employee benefits		1,749
400 Supplies and materials		6,250
113 Elementary programs		
100 Salaries		45,370
200 Employee benefits		11,722
400 Supplies and materials		3,335
114 High school programs		
100 Salaries		27,193
200 Employee benefits		9,060
400 Supplies and materials		8,550
600 Other objects		500
115 Career and technology education programs		
300 Purchased services		1,008
400 Supplies and materials		723
500 Capital outlay		28,375
120 Exceptional programs		
121 Educable mentally handicapped		
400 Supplies and materials		2,513
140 Special programs		
141 Gifted and talented - academic		
100 Salaries		225
200 Employee benefits		54
300 Purchased services		440
400 Supplies and materials		630
147 CDEPP		
100 Salaries		53,459
200 Employee benefits		18,852
300 Purchased services		2,766
400 Supplies and materials		10,619
500 Capital outlay		32,728

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

148 Gifted and talented - artistic		
100 Salaries	\$	2,438
200 Employee benefits		523
300 Purchased services		757
400 Supplies and materials		164
170 Summer school programs		
171 Primary summer school		
100 Salaries		7,130
200 Employee benefits		1,637
172 Elementary summer school		
100 Salaries		17,516
200 Employee benefits		4,019
173 High school summer school		
100 Salaries		773
200 Employee benefits		187
175 Instructional programs beyond regular school day		
100 Salaries		2,135
200 Employee benefits		238
180 Adult/continuing educational programs		
181 Adult basic education programs		
400 Supplies and materials		281
182 Adult secondary education programs		
300 Purchased services		922
Total instruction		<u>331,726</u>
200 Support services		
210 Pupil services		
212 Guidance services		
100 Salaries		14,438
200 Employee benefits		3,262
400 Supplies and materials		1,856
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
300 Purchased services		4,424
400 Supplies and materials		31,073
222 Library and media		
100 Salaries		7,188
200 Employee benefits		1,688

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

223 Supervision of special programs		
100 Salaries	\$	166,864
200 Employee benefits		50,842
300 Purchased services		13,526
400 Supplies and materials		3,903
224 Improvement of instruction - inservice and staff training		
300 Purchased services		6,739
230 General administration services		
233 School administration		
400 Supplies and materials		1,551
250 Finance and operations services		
251 Student transportation (Federal district mandated)		
200 Employee benefits		348
300 Purchased services		16,465
260 Central support services		
266 Technology and data processing services		
400 Supplies and materials		<u>14,633</u>
Total support services		<u>338,800</u>
400 Other charges		
410 Intergovernmental expenditures		
411 Payments to South Carolina Department of Education		
720 Transits		<u>9,635</u>
Total intergovernmental expenditures		<u>9,635</u>
Total expenditures		<u>680,161</u>
OTHER FINANCING SOURCES (USES)		
Interfund transfers, from (to) other funds		
420-710 Transfer to general fund (excludes indirect costs)		<u>(187,325)</u>
Total other financing sources (uses)		<u>(187,325)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES		-0-
FUND BALANCE, July 1, 2014		<u>-0-</u>
FUND BALANCE, June 30, 2015	\$	<u><u>-0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For the Fiscal Year Ended June 30, 2015

PROGRAM	EIA Interfund				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In(Out)</u>	<u>Transfers In(Out)</u>	<u>Deferred Revenue</u>
3500 Education Improvement Act					
3502 ADEPT	\$ 3,093	\$ 3,093	\$ -	\$ -	\$ 681
3505 Technology support	11,831	11,831	-	-	-
3511 Professional development	4,424	4,424	-	-	4,344
3518 Formative assessment	-	-	-	-	3,810
3525 Career and technology education equipment	30,105	30,105	-	-	21,931
3526 Refurbishment of K-8 science kits	366	366	-	-	3,297
3532 National board certification (NBC) salary supplement	84,127	84,127	-	-	8,535
3533 Teacher of the year award	1,077	1,077	-	-	-
3538 Students at risk of school failure	183,554	183,554	-	-	24,470
3541 Child development education pilot program (CDEPP)	118,423	118,423	-	-	142,848
3544 High achieving students	5,229	5,229	-	-	-
3550 Teacher salary increase	159,697	-	-	(159,697)	-
3555 School employer contributions	27,628	-	-	(27,628)	-
3556 Adult education	71,316	71,316	-	-	31,805
3558 Reading	3,528	3,528	-	-	2,286
3577 Teacher supplies	17,750	17,750	-	-	-
3578 High schools that work/making middle grades work	18,568	18,568	-	-	5,651
3585 Aid to districts - special education	2,513	2,513	-	-	-
3592 Work-based learning	1,856	1,856	-	-	1,782
3594 EEDA supplemental programs	83,764	83,764	-	-	28,785
3595 EEDA supplies and materials career awareness	-	-	-	-	1,239
3597 Aid to districts	38,637	38,637	-	-	37,646
TOTALS	<u>\$ 867,486</u>	<u>\$ 680,161</u>	<u>\$ -0-</u>	<u>\$ (187,325)</u>	<u>\$ 319,110</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (fiscally dependent LEA)	\$ 1,244,972
Total local sources	<u>1,244,972</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	98,924
3830 Merchant's inventory tax	767
3840 Manufacturers depreciation reimbursement	6,914
3890 Other state property tax revenues (includes motor carrier vehicle tax)	<u>49,615</u>
Total state sources	<u>156,220</u>
Total revenue all sources	<u>1,401,192</u>

EXPENDITURES

500 Debt service	
610 Redemption of principal	1,461,000
620 Interest	147,150
690 Other objects (includes fees for servicing bonds)	<u>25,331</u>
Total debt service	<u>1,633,481</u>
Total expenditures	<u>1,633,481</u>

OTHER FINANCING SOURCES (USES)

5120 Proceeds from general obligation bonds	918,000
Interfund transfers, from (to) other funds	
5210 Transfer from general fund	118,540
426-710 Transfer to debt service fund - Foundation	<u>(892,944)</u>
Total other financing sources (uses)	<u>143,596</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (88,693)

FUND BALANCE, July 1, 2014 376,793

FUND BALANCE, June 30, 2015 \$ 288,100

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ -
	<hr/>
Total local sources	-
	<hr/>
Total revenue all sources	-
	<hr/>

EXPENDITURES

500 Debt service	
610 Redemption of principal	773,000
620 Interest	224,688
	<hr/>
Total debt service	997,688
	<hr/>
Total expenditures	997,688
	<hr/>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund	104,744
5290 Transfer from debt service fund - District	892,944
	<hr/>
Total other financing sources (uses)	997,688
	<hr/>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

FUND BALANCE, July 1, 2014	-
	<hr/>
FUND BALANCE, June 30, 2015	\$ -0-
	<hr/> <hr/>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ -
	<hr/>
Total local sources	-
	<hr/>
Total revenue all sources	-
	<hr/>

EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
300 Purchased services	3,725
400 Supplies and materials	83,925
600 Other objects	
690 Other objects	1,575
	<hr/>
Total expenditures	89,225
	<hr/>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(89,225)
FUND BALANCE, July 1, 2014	<hr/> 883,488
FUND BALANCE, June 30, 2015	\$ <hr/> <hr/> 794,263

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ -
	<hr/>
Total local sources	-
	<hr/>
Total revenue all sources	-
	<hr/>

EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
500 Capital outlay	
520 Construction services	-
	<hr/>
Total expenditures	-
	<hr/>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, July 1, 2014	-
	<hr/>
FUND BALANCE, June 30, 2015	\$ -0-
	<hr/> <hr/>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2015

REVENUES

1000 Revenue from local sources	
1600 Food service	
1610 Lunch sales to pupils	\$ 69
1630 Special sales to pupils	169
1640 Lunch sales to adults	13,428
1660 Special sales to adults	224
1900 Other revenue from local sources	
1999 Revenue from other local sources	<u>36,512</u>
Total local sources	<u>50,402</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3140 School lunch	
3142 Program aid	<u>23</u>
Total state sources	<u>23</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	356,259
4830 School breakfast program	<u>187,899</u>
Total federal sources	<u>544,158</u>
Total revenue all sources	<u>594,583</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2015

EXPENDITURES

256 Food service	
100 Salaries	\$ 191,448
200 Employee benefits	49,631
300 Purchased services (excludes gas, oil, elec, other heating fuels)	11,933
400 Supplies and materials (includes gas, oil, elec, other heating fuels)	341,204
500 Capital outlay	18,392
600 Other objects	<u>2,100</u>
Total expenditures	<u>614,708</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(20,125)
RETAINED EARNINGS, July 1, 2014	<u>365,749</u>
RETAINED EARNINGS, June 30, 2015	<u><u>\$ 345,624</u></u>

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA**

Pupil Activity Fund

Balance Sheet

June 30, 2015

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Due from general fund	\$ <u>32,041</u>
Total assets	\$ <u><u>32,041</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Due to student organizations	\$ <u>32,041</u>
Total liabilities	<u>32,041</u>
FUND BALANCES	
Total liabilities and fund balances	\$ <u><u>-0-</u></u> \$ <u><u>32,041</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Pupil Activity Fund
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations
For the Fiscal Year Ended June 30, 2015

RECEIPTS

1000 Receipts from local sources	
1700 Pupil activities	
1720 Bookstore sales	\$ 37
1790 Other	240,887
1900 Other revenue from local sources	
1920 Contributions and donations private sources	21,888
1999 Revenue from other local sources	<u>42,302</u>
Total receipts from local sources	<u>305,114</u>

DISBURSEMENTS

270 Support services pupil activity	
271 Pupil service activities	
100 Salaries	45,925
200 Employee benefits	16,403
660 Supporting services pupil activity	279,500
272 Enterprise activities	
660 Pupil activity	<u>10,151</u>
Total disbursements	<u>351,979</u>

OTHER FINANCING SOURCES (USES)

5210 Transfer from General Fund (Excludes indirect costs)	<u>51,556</u>
Total other financing sources (uses)	<u>51,556</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	4,691
--	-------

DUE TO STUDENT ORGANIZATIONS, July 1, 2014	<u>27,350</u>
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DUE TO STUDENT ORGANIZATIONS, June 30, 2015	<u>\$ 32,041</u>
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MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2015

<u>Program</u>	<u>Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
Title I grant to LEAs	15-BA058	4310/201	Overclaimed funds	\$ 2,827.70
Teacher supplies		3577	Overclaimed funds	2,500.00
EEDA supplemental programs		3594	Overclaimed funds	<u>7,134.90</u>
				<u>\$ 12,462.60</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Capital Assets Used in Governmental Operations by Function
For the Fiscal Year Ended June 30, 2015

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Totals</u>
High school	\$ -	\$ 12,830,789	\$ 561,812	\$ 16,669	\$ 13,409,270
Elementary and middle school	882,080	14,506,391	89,078	-	15,477,549
Administration and services	-	1,831,558	129,484	171,597	2,132,639
Totals	<u>\$ 882,080</u>	<u>\$ 29,168,738</u>	<u>\$ 780,374</u>	<u>\$ 188,266</u>	<u>\$ 31,019,458</u>

<u>Function</u>	<u>Capital Assets July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2015</u>
High school	\$ 13,409,270	\$ -	\$ -	\$ 13,409,270
Elementary and middle school	15,477,549	-	-	15,477,549
Administration and services	2,084,219	48,420	-	2,132,639
Totals	<u>\$ 30,971,038</u>	<u>\$ 48,420</u>	<u>\$ -</u>	<u>\$ 31,019,458</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Highlights
For the Fiscal Year Ended June 30, 2015

The table on this page presents pupil cost based on the average daily attendance of 778. This table may be compared with the District's objectives and with other state and national statistics on schools.

	Per Pupil Cost (General Fund Expenditures) Based on 2014-2015 Average Daily <u>Attendance</u>
Instruction	\$ 5,114.49
Pupil services	327.89
Instructional staff services	337.06
Administration	1,376.24
Finance and operations	2,161.31
Central support	481.16
Pupil activities	210.21
Community services	81.93
Intergovernmental	<u>4.09</u>
Total	<u><u>\$ 10,094.39</u></u>

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

<u>LEA Subfunc Code</u>	<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SC Department of Education:				
201	Title I grant to LEAs	84.010	15-BA058	\$ 441,539
207	CATE	84.048	15-VA058	3,981
203	Individuals with disabilities education (IDEA) **	84.027	15-CA058	427,121
224	21st century learning center program, Title IV **	84.287C	15-CL058	112,677
251	Rural and low-income school program, Title VI	84.358	15-BS058	8,625
205	Preschool grants	84.173	15-CG058	16,469
243	Basic adult education	84.002	15-EA058	8,591
267	Improving teacher quality	84.367	15-TQ058	<u>39,105</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,058,108</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Passed through McCormick County				
100	AFJROTC	12.000	N/A	<u>37,434</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
600's	School Lunch Program **	10.555		356,259
600's	School Breakfast Program **	10.553		187,899
600's	Commodities/Food Distribution **	10.550		<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>544,158</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 1,639,700</u>

**Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards

(continued)

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015**

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of McCormick County School District Number One for the year ended June 30, 2015. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's general purpose financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are reported in the District's general purpose financial statements as federal revenues in the Special Revenue Fund and operating and nonoperating revenues in the Proprietary Fund.

(4) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Location Reconciliation Schedule
For the Fiscal Year Ended June 30, 2015

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
01	McCormick High School	High school	School	\$ 2,488,872
02	McCormick Middle School	Middle school	School	1,275,190
03	McCormick Elementary School	Elementary school	School	2,865,503
05	Vocational School	High school	School	1,683,189
06	Special Services	Non-school	Central	376,922
07	Transportation	Non-school	Central	86,480
10	District	Non-school	Central	2,208,236
15	Grant	Non-school	Central	156
16	Grant	Non-school	Central	94
20	Adult Education	Non-school	Central	138,050
49	Grant	Non-school	Central	254,170
80	Grant	Non-school	Central	37,364
99	District	Non-school	Central	<u>2,340,123</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u>\$ 13,754,349</u>

The above expenditures are reconciled to the District's financial statements as follows:

General Fund	\$ 7,853,433
Special Revenue Fund (includes EIA)	2,213,835
Debt Service Fund	2,631,169
Capital Projects Fund	89,225
Proprietary Fund	614,708
Trust and agency Fund	<u>351,979</u>

TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS \$ 13,754,349

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Financial Statement Findings

2014-001	<u>Bank Statement Reconciliations</u>
Condition:	Bank statements for the various cash accounts were not fully reconciled and the general ledger was not appropriately adjusted on a timely basis.
Criteria:	Internal accounting control requirements
Effect:	Accounting personnel performed reconciliations of the bank statements regularly, but did not complete the reconciliations and did not adjust the general ledger appropriately. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis. During the audit process, significant adjusting entries were required so as to properly state cash balances.
Recommendation:	Timely preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis. The general ledger should be adjusted so that cash account balances are properly stated.
Status:	Due to turnover in accounting personnel during the year, bank statement reconciliations were not completed on a timely basis. This comment is repeated in the current year.
2014-002	<u>Reconciliation of Funds Received and Cash Held with County Treasurer</u>
Condition:	Funds received for the debt service fund through the County Treasurer and cash balances held with the County Treasurer were not reconciled on a timely basis throughout the entire fiscal year. A strong system of internal accounting controls requires timely reconciliation with records provided by the County Treasurer and the "Payments to Counties" report, so that revenue is accurately recorded and errors or irregularities, if any, are detected and addressed on a timely basis.
Criteria:	Internal accounting control requirements
Effect:	Accounting personnel did not reconcile information received from the County Treasurer for the debt service fund, so as to adjust the general ledger appropriately. During the audit process, significant adjusting entries were made to properly recognize revenues received and cash held by the County Treasurer for the debt service fund.
Recommendation:	Timely reconciliation with the County Treasurer should be performed.
Status:	Due to turnover in accounting personnel during the year, reconciliations of funds received and cash held were not completed on a timely basis. This comment is repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Section II - Financial Statement Findings, continued

2014-003

Internal Control over Financial Reporting

- Condition:** Under current professional standards, the District is responsible for the internal control process which includes the preparation of financial statements in accordance with generally accepted accounting principles. This preparation of materially accurate financial statements will help the District to prevent, detect and correct potential misstatements in the financial statements or footnotes. The District made significant progress in improving the review process for amounts reflected in the financial statements. However, during the audit process numerous adjustments and corrections were made to the financial statements. In some entries, the amounts involved were material to the financial statements.
- Criteria:** The financial statement revisions made during the audit process constitute a material weakness in internal control under standards.
- Effect:** The District's independent auditors assist in the preparation of accurate financial statements and disclosures, but are not considered a part of the District's internal control process under newly-issued audit standards.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The District should continue to improve the review process for amounts reflected in the financial statements. The District should continue to employ individuals capable of thoroughly reviewing and accepting responsibility for proposed journal entries and the financial statements.
- Status:** Due to turnover in accounting personnel during the year, the review process was not fully implemented during the year. This comment is repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Federal Award Findings and Questioned Costs

2014-004

Maintenance of Effort Compliance Documentation

- Condition:** During our testing of the Title I federal program, we noted that the District did not have documentation available to support its compliance with the maintenance of effort requirement. While District financial management represented to us that the calculation had been performed, and maintenance of effort requirements had been met, the documentation of such calculation was not available.
- Criteria:** The District must expend, in any particular fiscal year, an amount of local funds, or a combination of state and local funds, for the education of children who are at risk of not meeting challenging academic standards and who reside in areas with concentrations of children from low-income families that is at least equal, on an aggregate or per capita basis, to the amount of local funds, or a combination of state and local funds, expended for this purpose by the District in the prior fiscal year.
- Effect:** The District must meet the maintenance of effort requirements or it could be required to pay back excess federal funding.
- Recommendation:** The District should continue to monitor its compliance with the maintenance of effort requirements of its Title I federal grants. The District should perform the calculation for maintenance of effort compliance and should maintain the documentation supporting that calculation.
- Status:** The District demonstrated its compliance with the maintenance of effort requirements and maintained the documentation of its calculation of that compliance. This comment is not repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant weakness(es) identified that are not considered to be material weakness(es)? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant weakness(es) identified that are not considered to be material weakness(es)? yes no

Type of auditors' report issued on compliance for major programs: Unmodified.

Any audit findings disclosed that required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027	IDEA
84.287C	21 st century learning center program, Title IV
10.555	School Lunch Program
10.553	School Breakfast Program
10.550	Commodities/Food Distribution

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Section II - Financial Statement Findings

2015-001

Bank Statement Reconciliations

Condition: Bank statements for the various cash accounts were not fully reconciled and the general ledger was not appropriately adjusted on a timely basis.

Criteria: Internal accounting control requirements

Effect: Due to turnover in accounting personnel during the year, accounting personnel did not perform reconciliations of the bank statements regularly and did not adjust the general ledger appropriately. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis. During the audit process, significant adjusting entries were required so as to properly state cash balances.

Recommendation: Timely preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis. The general ledger should be adjusted so that cash account balances are properly stated.

Response: Management will emphasize the importance of following established internal control procedures for timely, complete reconciliations of bank statements. District finance department personnel and auditor personnel will work collaboratively to ensure that bank reconciliations are properly completed.

2015-002

Reconciliation of Funds Received and Cash Held with County Treasurer

Condition: Funds received for the debt service fund through the County Treasurer and cash balances held with the County Treasurer were not reconciled on a timely basis throughout the entire fiscal year. A strong system of internal accounting controls requires timely reconciliation with records provided by the County Treasurer and the "Payments to Counties" report, so that revenue is accurately recorded and errors or irregularities, if any, are detected and addressed on a timely basis.

Criteria: Internal accounting control requirements

Effect: Accounting personnel did not reconcile information received from the County Treasurer for the debt service fund, so as to adjust the general ledger appropriately. During the audit process, significant adjusting entries were made to properly recognize revenues received and cash held by the County Treasurer for the debt service fund.

Recommendation: Timely reconciliation with the County Treasurer should be performed.

Response: Management will continue to emphasize the importance of following established internal control procedures for timely, complete reconciliation with the County Treasurer. District finance department personnel and auditor personnel will work collaboratively to ensure that reconciliations of district and County activity are properly completed.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015

Section II - Financial Statement Findings, continued

2015-003

Internal Control over Financial Reporting

- Condition:** Under current professional standards, the District is responsible for the internal control process which includes the preparation of financial statements in accordance with generally accepted accounting principles. This preparation of materially accurate financial statements will help the District to prevent, detect and correct potential misstatements in the financial statements or footnotes. The District made significant progress in improving the review process for amounts reflected in the financial statements. However, during the audit process numerous adjustments and corrections were made to the financial statements. In some entries, the amounts involved were material to the financial statements.
- Criteria:** The financial statement revisions made during the audit process constitute a material weakness in internal control under standards.
- Effect:** The District's independent auditors assist in the preparation of accurate financial statements and disclosures, but are not considered a part of the District's internal control process under newly-issued audit standards.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The District should continue to improve the review process for amounts reflected in the financial statements. The District should continue to employ individuals capable of thoroughly reviewing and accepting responsibility for proposed journal entries and the financial statements.
- Response:** The District is committed to ongoing improvement in training and equipping finance personnel. The District will continue to enhance the review process to ensure the accuracy of amounts reflected in the financial statements.

Section III - Federal Award Findings and Questioned Costs

None.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that have not been identified.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no matters that we consider to be significant deficiencies. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. We noted matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, as described in Findings 2015-001 through 2015-003 in the Schedule of Findings and Questioned Costs.

The District's responses to the findings identified in our audit are described in the Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith & Company CPAs PA

Greenville, South Carolina
November 25, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

Report on Compliance for Each Major Program

We have audited the compliance of McCormick School District No. 1 with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133; "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion

In our opinion, McCormick School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. We noted no matters involving the internal control over compliance that we consider to be a deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving the internal control over compliance that we consider a significant deficiency. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the District's internal controls on a timely basis. We noted no matters involving the internal control over compliance that we consider a material weakness.

Our consideration of the internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in the District's internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. Given these limitations, we noted no matters involving the internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Martin Smith & Company CMAA

Greenville, South Carolina
November 25, 2015